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CALIFORNIA RESOURCES AGENCY

WORKSHOP ON LNG ACCESS ISSUES AND DELIVERABILITY OF SUPPLY

Sacramento, CA



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CALPINE CORPORATION AT A GLANCE

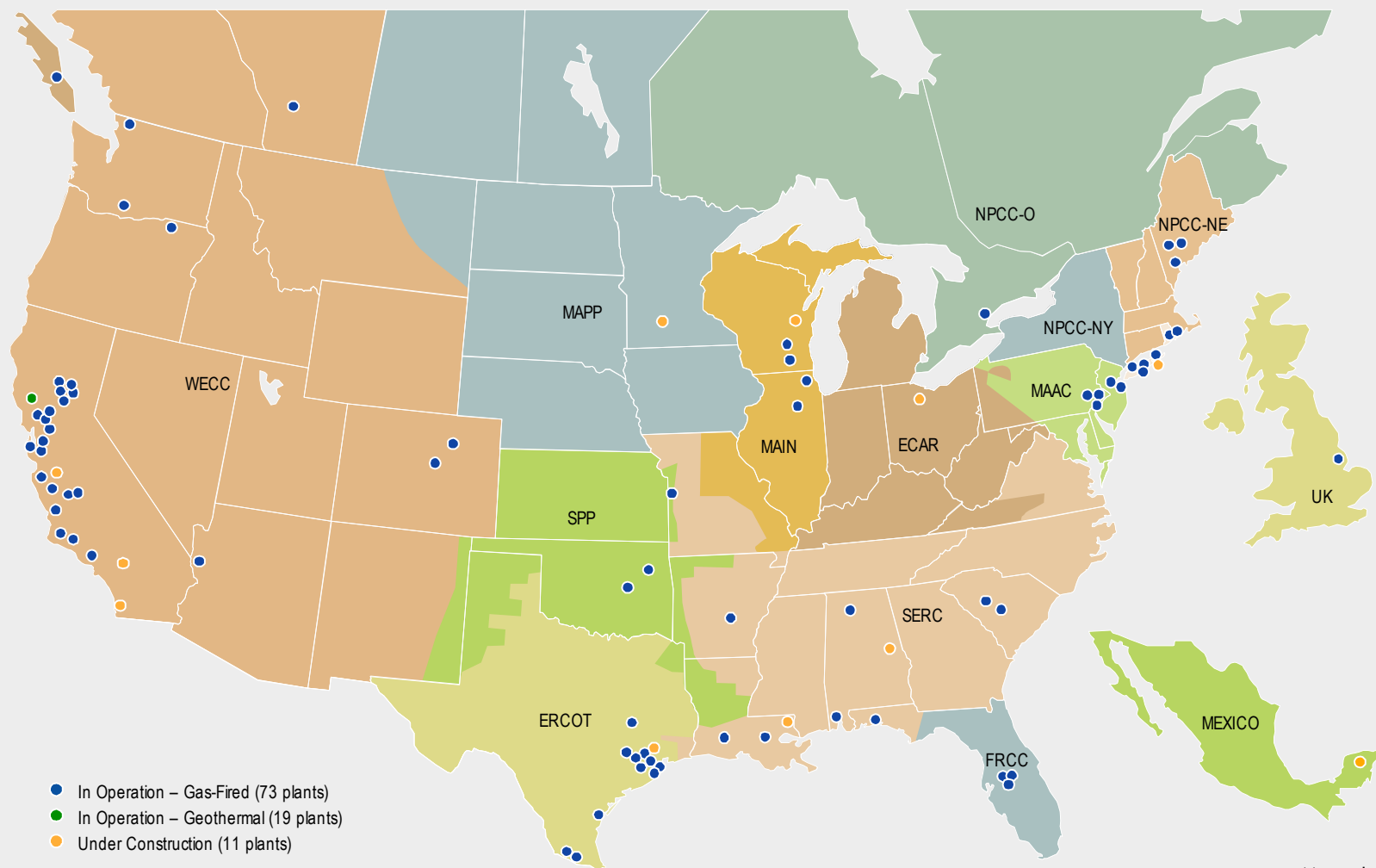
- Largest Independent Power Company in North America
- Most Modern, Efficient Fleet of Power Generation Assets
 - 92 Plants Consisting of 26,555 mw in Operation Today
 - Growing to Over 32,000 mw
 - Burning an Average of 1.7 Bcf/d and Managing 2.5 Bcf/d
- Proved Gas Reserves
 - Current Daily Production of 100,000 Mcf/d
- Assets Managed by Calpine Energy Services
 - Over 3.0% of U.S. Electrical Consumption*
 - 3.0% of U.S. Natural Gas Supply**

*Based on EEI U.S. electrical consumption data

**Based on 60 Bcf/d of U.S. consumption



CALPINE U.S. POWER PORTFOLIO



not to scale



CALPINE GAS DEMAND

- Total Demand – 21 States
 - 4 Bcf/d on Peak and 1.7 Bcf/d on Average
- WSCC – 8,785 mw
 - 1.6 Bcf/d on Peak
 - 744,000 Mmbtu/d on Average
- California – 7,342 mw
 - Northern California - 5,980 mw and 1.12 Bcf/d
 - Southern California - 1,362 mw and 236,660 Mmbtu/d
- Balance of WSCC – 1,443 mw
 - WA/OR/AR – 247,291 Mmbtu/d



NATURAL GAS CHALLENGES

- Traditional North American Supply in Decline
- Recent Rapid Price Increase
- Current High Price
- Volatility of Price
- 24% of All Energy Supply in USA is Natural Gas
 - Power Generation Uses 19%



DIVERSIFICATION IS BEST APPROACH

- Multiple Supply Sources Minimize Risk
 - Energy Efficiency, Including Gas-Fired Generation
 - Interstate Pipeline Capacity
 - In-State Storage
 - In-State Production
 - LNG
 - Non-Traditional Sources



LNG ACCESS AND DELIVERABILITY

- California Needs More Gas Resources including LNG in Order to Provide Reliable Power and to Meet Market Requirements
- Market Should Provide Choices Including Utility and Non-Utility Options
- Allow the Market to Provide Resources at the Best Price and Under the Best Available Terms
- Provide a Level Playing Field and Transparent Pricing
- Encourage Active Resource Development and Minimize Constraints and Barriers to Entry
- Regulatory Environment Should Allow for Alternatives and Not Mandate Specific Course of Actions
- State and Federal Laws Already in Place, Successful Projects Will Observe Both State and Federal Laws



LNG STRONGLY SUPPORTED

“LNG is the ultimate safety valve ...”
— Alan Greenspan, Chairman, U.S. Federal Reserve Bank



CALPINE